



**COUNTY OF LOS ANGELES
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September 26, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

A handwritten signature in blue ink, reading "Wendy L. Watanabe", is written over the printed name and title.

SUBJECT: **LOS ANGELES URBAN LEAGUE – POMONA – A COMMUNITY AND
SENIOR SERVICES' WORKFORCE INVESTMENT ACT PROGRAM
CONTRACT SERVICE PROVIDER – CONTRACT COMPLIANCE
REVIEW – FISCAL YEAR 2012-13**

We completed a review of Los Angeles Urban League – Pomona (LAUL – Pomona or Agency), a Community and Senior Services' (CSS) Workforce Investment Act (WIA) Program provider. Our review covered a sample of transactions from Fiscal Year (FY) 2012-13. The purpose of our review was to determine whether LAUL – Pomona provided services in compliance with their County contract and WIA requirements.

The WIA Adult and Dislocated Worker (DW) Programs assist individuals in obtaining employment, retaining their jobs, and increasing their earnings.

CSS paid LAUL – Pomona approximately \$761,399 (\$415,548 for Adult and \$345,851 for DW) on a cost-reimbursement basis for FY 2012-13. LAUL – Pomona serves participants residing in the First Supervisorial District.

Results of Review

LAUL – Pomona provided services to eligible participants, deposited cash receipts timely, and recorded revenue properly. However, the Agency billed CSS \$19,024 in unsupported costs, and did not always comply with WIA and County contract requirements. For example, LAUL – Pomona:

- Billed CSS \$19,024 (\$16,744 + \$2,280) for expenditures that were not supported by cancelled checks. We noted a similar finding in our prior year monitoring review of the Agency.

LAUL – Pomona's attached response indicates that they will ensure they maintain adequate documentation for Program expenditures.

- Did not accurately report one (7%) participant's activity on the Job Training Automation (JTA) System, as required by WIA Directive LACOD-WIAD08-20.

After our review, LAUL – Pomona updated the JTA System to accurately reflect the participant's activities.

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with LAUL – Pomona and CSS. In their attached response, LAUL – Pomona agreed with our findings and recommendations. In addition, LAUL – Pomona indicated that they recently discharged their Vice President of Finance. As a result, LAUL – Pomona is undergoing a reorganization that includes revamping its finance department and hiring a new finance executive. CSS should closely monitor LAUL – Pomona to ensure compliance with their County contract.

We thank LAUL – Pomona for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (213) 253-0301.

WLW:AB:DC:AA

Attachment

c: William T Fujioka, Chief Executive Officer
Cynthia D. Banks, Director, Community and Senior Services
Nolan Rollins, President and Chief Executive Officer, Los Angeles Urban League
Noel Massie, Chairman, Los Angeles Urban League
Public Information Office
Audit Committee

**LOS ANGELES URBAN LEAGUE – POMONA
WORKFORCE INVESTMENT ACT PROGRAMS
CONTRACT COMPLIANCE REVIEW
FISCAL YEAR 2012-13**

ELIGIBILITY

Objective

Determine whether Los Angeles Urban League – Pomona (LAUL – Pomona or Agency) provided services to eligible individuals for the Workforce Investment Act (WIA) Programs.

Verification

We reviewed the case files for 15 (10%) of the 151 participants (10 WIA Adult and 5 WIA Dislocated Worker) who received services from July 2012 to March 2013 for documentation to confirm their eligibility for WIA services.

Results

LAUL – Pomona had documentation to support all 15 participants' eligibility for WIA Program services.

Recommendation

None.

BILLED SERVICES

Objective

Determine whether the Agency provided services in accordance with the County contract and WIA guidelines.

Verification

We visited LAUL – Pomona's service site, and reviewed the case files for 15 (10%) of the 151 participants who received services from July 2012 to March 2013.

Results

LAUL – Pomona provided the services in accordance with the County contract and WIA guidelines. However, LAUL – Pomona did not accurately update the participant activity on the Job Training Automation (JTA) System for one (7%) of the 15 participant's reviewed. The State of California Employment Development Department and the

United States Department of Labor use the JTA System to track WIA participant activities. After our review, LAUL – Pomona updated the JTA System to accurately reflect the participant's activity.

Recommendation

1. **Los Angeles Urban League – Pomona management ensure staff update the Job Training Automation System to accurately reflect participant activities.**

CASH/REVENUE**Objective**

Determine whether LAUL – Pomona deposited cash receipts timely, and recorded revenue in the Agency's financial records properly.

Verification

We interviewed Agency personnel and reviewed the Agency's financial records. We also reviewed the Agency's bank activity for January and February 2013.

Results

LAUL – Pomona deposited cash receipts timely, and recorded revenue properly.

Recommendation

None.

EXPENDITURES**Objective**

Determine whether expenditures charged to the WIA Programs were allowable under the County contract, properly documented, and accurately billed.

Verification

We interviewed Agency personnel, and reviewed the Agency's financial records and documentation for 20 non-payroll expenditure transactions, billed by the Agency for January and February 2013, totaling \$25,351.

Results

LAUL – Pomona billed Community and Senior Services (CSS) \$16,744 in unsupported costs. Specifically, LAUL – Pomona did not maintain cancelled checks to support 12 (60%) of the 20 transactions reviewed. We noted a similar finding in our prior year monitoring review of the Agency.

Recommendations

Los Angeles Urban League – Pomona management:

- 2. Repay Community and Senior Services \$16,744, or provide adequate documentation to support the expenditures.**
- 3. Maintain adequate documentation to support Program expenditures.**

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE**Objective**

Determine whether the Agency had adequate internal controls over its business operations. In addition, determine whether the Agency was in compliance with WIA Program and administrative requirements, and accurately completed a Resource Sharing Agreement (RSA), which is a financial agreement between the Agency and their federally mandated partners, quarterly as required in the contract.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit, and tested expenditures, payroll, and personnel transactions. In addition, we reviewed the Agency's RSA for the first quarter of Fiscal Year (FY) 2012-13.

Results

LAUL – Pomona generally maintained sufficient internal controls over its business operations. However, the Agency overstated their annual rent expenditures and did not provide documentation to support the staff hours on their first quarter FY 2012-13 RSA. LAUL – Pomona needs to ensure that information is accurately reported on the RSAs.

Recommendation

- 4. Los Angeles Urban League – Pomona management ensure that information is accurately reported on the quarterly Resource Sharing Agreements.**

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were charged to the WIA Programs appropriately. In addition, determine whether LAUL – Pomona obtained background clearances, verified employability, maintained proof of current driver's licenses, and maintained proof of automobile insurance for employees assigned to the WIA Programs.

Verification

We traced the WIA payroll expenditures for five employees, totaling \$14,090, for January 2013, to the Agency's payroll records and time reports. We also reviewed the personnel files for four Agency staff.

Results

LAUL – Pomona appropriately charged the January 2013 employee salaries to the WIA Programs, and maintained the personnel files as required.

Recommendation

None.

COST ALLOCATION PLAN**Objective**

Determine whether LAUL – Pomona's Cost Allocation Plan (Plan) was prepared in compliance with the County contract, and used the Plan to allocate shared expenditures appropriately.

Verification

We reviewed LAUL – Pomona's Plan and a sample of expenditures from January and February 2013, to ensure that the expenditures were allocated to the Agency's WIA Programs appropriately.

Results

LAUL – Pomona prepared its Plan in compliance with the County contract and the Agency allocated their shared expenditures to the WIA Programs appropriately.

Recommendation

None.

CLOSE-OUT REVIEW**Objective**

Determine whether the Agency's FY 2011-12 final close-out invoices for the WIA Programs reconciled to the Agency's accounting records.

Verification

We compared LAUL – Pomona's final close-out invoices for FY 2011-12 to the Agency's accounting records. We also reviewed a sample of expenditures billed in March and June 2012, totaling \$10,256.

Results

LAUL – Pomona billed CSS \$2,280 in unsupported costs. Specifically, the Agency did not maintain adequate documentation, such as a cancelled check, to support \$2,280 in consulting costs. We noted a similar finding in our prior year monitoring review of the Agency.

Recommendation

Refer to Recommendation 3.

5. Los Angeles Urban League – Pomona management repay Community and Senior Services \$2,280, or provide adequate documentation to support the expenditures.



September 03, 2013

Don Chadwick, Division Chief
Department of Auditor-Controller
Countywide Contract Monitoring Division
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Attention: Wendy L. Watanabe

BOARD OFFICERS

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Noel Masele

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Darrell R. Brown

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Carol Jackson

President & CEO
Nolan V. Rollins

FISCAL YEAR 2012-2013 LOS ANGELES URBAN LEAGUE – POMONA CORRECTION ACTION PLAN DIRECTORS

Finding #01 – LAUL – Pomona management ensure staff update the Job Training Automation System to accurately reflect participant activities.

Response: LAUL management will have JTA system reviewed quarterly for accuracy.

Finding #02 – Repay CSS \$16,744, or provide adequate documentation to support the expenditures.

Response:

LAUL recently underwent a reorganization which included the separation of the prior Vice President of Finance. Unfortunately, the League was not fully aware of the extent of both past and current late payments to County of Los Angeles vendors. However, LAUL is in the process of revamping its finance department and hiring a new finance executive to oversee the Department. As a part of this process, the League expects to get into full compliance with all County of Los Angeles contracting requirements, including the timely payment of its vendors. With respect to any outstanding payments, the League has made it a priority to get these vendors paid within the next 30-45 days, if not sooner.

Finding #03 – Maintain adequate documentation to support Program Expenditures.

Response: LAUL finance staff will ensure all expenditures are available for review when requested.

Finding #04 – LAUL – Pomona management ensure that information is accurately reported on the quarterly RSA.

Response: LAUL management will ensure that any RSA information submitted will be accurate.

Finding #5 – LAUL – Pomona management repay CSS \$2,280, or provide adequate documentation to support the expenditure.

Response:

Please refer to our response to Finding #2


Nolan Rollins

President & CEO

Los Angeles Urban League

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